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SWEDEN: Four months of stalemated labor negotiations ended last week when labor and management grudgingly accepted a government mediator's final offer.

The settlement, which determines Sweden's labor costs for the 1971-73 period, provides for wage increases averaging from seven to nine percent annually, just within the government's guidelines for economic restraint. A special feature of the settlement is extra pay raises for persons in the lower wage brackets (below \$2.36 per hour). This provision is in line with government and labor's joint goal of reducing inequalities in the social and economic structure. Other provisions include protection of wage levels during the transition from a 42.5- to 40-hour work week and a gradual lowering of the retirement age from 67 to 65.

A few of the white collar unions, representing more highly paid public employees, have balked at agreeing to the terms of the settlement. These are the same unions that began the dispute with a strike last winter. The government is going ahead, however, and will put the new wage rates into effect on 1 July. A decision by the holdouts on whether to resume strikes has been postponed until after the summer holiday period.

The Social Democratic government is the clear gainer. Beset over the past year with rapid inflation, balance-of-payments deficits, and rumors of devaluation of the krona, the government was faced with declining public support. A special problem affecting the Social Democrats has been the growing frustration of the labor rank and file arising from the paternalistic attitude assumed toward these workers by government, party, and labor union leaders.

Now, however, the Palme regime can look forward to a renewal of popular esteem. It has devised a compromise attractive enough to pacify nearly all of labor, broad enough to look after the lower income groups, and yet restricted enough to stay within the criteria established for economic stabilization.

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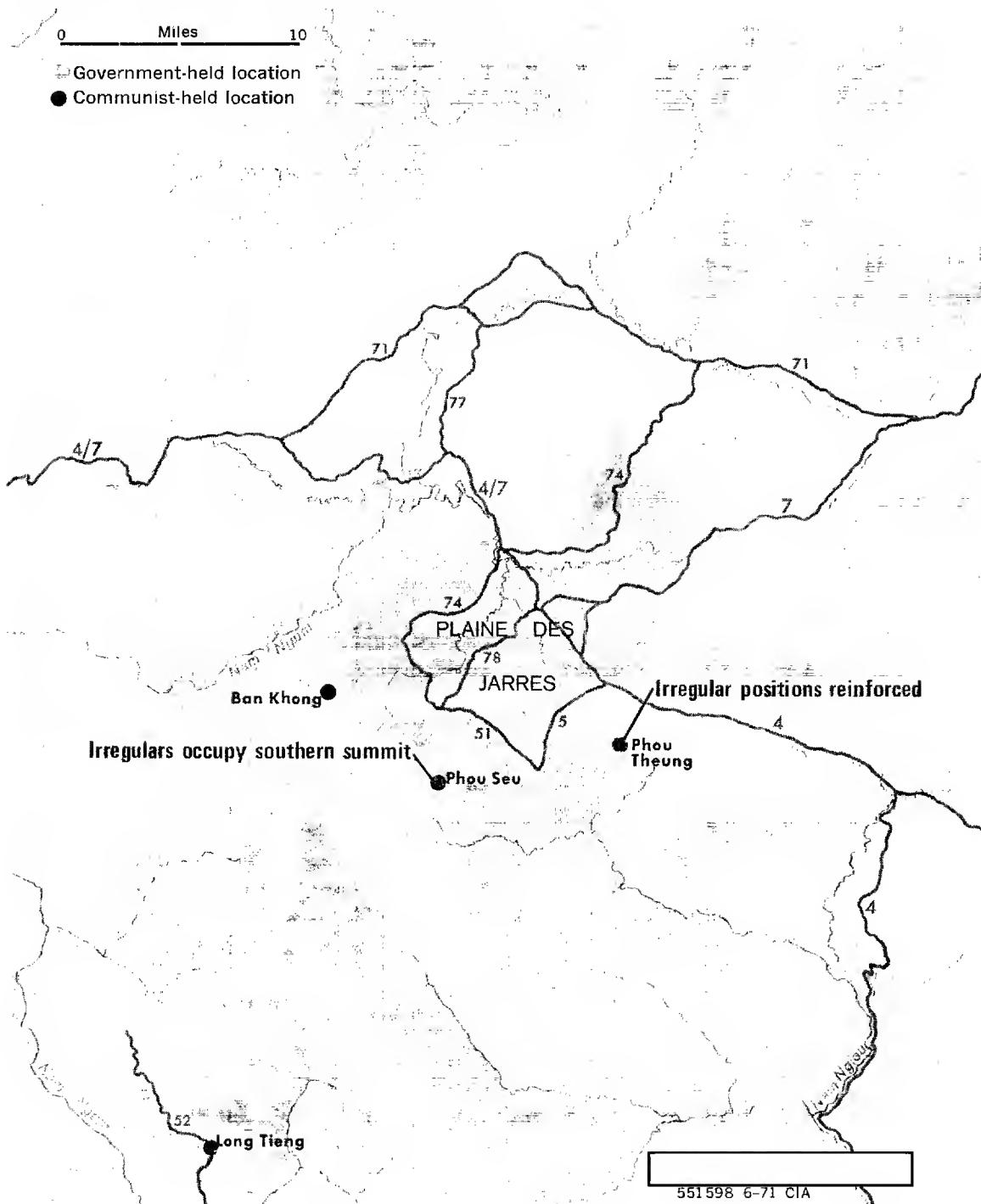
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LAOS: PLAINE DES JARRES AREA



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NOTE

LAOS: On 26 June government irregulars occupied the southern summit of Phou Seu, the strategic high ground on the southwestern edge of the Plaine des Jarres and a key objective of Vang Pao's current offensive. Fighting reportedly was still going on near the northwestern end of the ridge. Other irregulars have occupied important high points near Ban Khong, farther to the north. On the eastern side of the Plaine, additional irregular units have been moved in to reinforce and consolidate the government's newly won positions near Phou Theung.

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